

Property Index

Quarterly Investment Option Update

31 December 2019

Aim and Strategy

The strategy aims to provide returns that track the S&P/ASX 200 A-REIT Index with net dividends reinvested. Exposure to the Property asset class will be attained through the use of low cost index-focused investment managers.

Investment Option Performance

To view the latest investment performances for each product, please visit www.amp.com.au

Investment Option Overview

Investment category	Property and infrastructure
Suggested minimum investment timeframe	7 years
Relative risk rating	Very High
Investment style	Index
Manager style	Single

Asset Allocation	Benchmark (%)
Listed Property and Infrastructure	100
Cash	0

Actual Allocation	%
International Shares	2.69
Listed Property and Infrastructure	94.99
Cash	2.36

Sector Allocation	%
Diversified REITs	35.54
Retail REITs	31.05
Industrial REITs	17.09
Office REITs	11.89
Cash	2.36
Specialised REITs	1.15
Residential REITs	0.96

Top Holdings	%
Goodman Group	17.09
Scentre Group	16.28
Dexus	10.11
Mirvac Group	10.05
Stockland	8.98
GPT Group/The	8.61
Vicinity Centres	6.39
Charter Hall Group	4.09
Unibail-Rodamco-Westfield	2.69
Shopping Centres Australasia P	1.98

Region Allocation	%
Australasia	97.64
Cash	2.36

Market Review

Australian listed real estate fell modestly over the December quarter, underperforming the broader sharemarket. During October, listed real estate continued to attract capital flows into more defensive assets, such as listed real estate, after the RBA lowered the official cash rate by 0.25% to a record low of 0.75%. However, thereafter listed real estate lagged the broader sharemarket's returns, as several ongoing geopolitical risks finally abated. In particular, previous gains in listed real estate were pared back late in the period as the US and China reached a "phase 1" trade deal, which saw investors switch out of defensive assets. Australian 10-year bond yields rose 0.35% to 1.37% over the quarter. In contrast to strong conditions in the office and industrial segments, the ongoing difficult conditions facing the retail sector was evidenced when department-store chain Harris Scarfe was placed into receivership and will reportedly undergo a major restructuring, including the closure of 40% of its stores, before being sold to new owners. Meanwhile, in the residential segment, conditions continued to improve, with dwelling prices in Sydney and Melbourne increasing rapidly from their mid-year lows and auction clearance rates remaining elevated. However, in October the share of new housing finance attributed to investors reached its lowest since the early 2000s.

Outlook

A low interest rate environment and a generally supportive macro-economic outlook, beyond short term risks, are likely to continue to support reasonable medium-term returns in the Australian listed real estate market, albeit they may be more constrained than seen recently. Industrial properties exposed to longer-term secular growth trends such as e-commerce, data connectivity and logistics are expected to perform well. The office market continues to benefit from strong business confidence and global investor interest; hence it appears reasonably well positioned to absorb upcoming additional supply in the major capital cities. The retail market faces the challenges of e-commerce, structural changes and shifting customer habits; however well-located centres that offer an attractive leisure environment are likely to grow earnings faster than commoditised peripheral venues.

Availability

Product Name	APIR
AMP Flexible Lifetime Super	AMP1524AU
CustomSuper	AMP1524AU
Flexible Lifetime - Allocated Pension	AMP1536AU
SignatureSuper	AMP1548AU
SignatureSuper - Allocated Pension	AMP1560AU

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